



ENGINEERING • 115 Executive Parkway, Suite 400 • Hudson, Ohio 44236 • (330) 342-1770

**Date:** October 22, 2019

**To:** Mayor Basil and City Council

**C:** Jane Howington, City Manager  
Thomas J. Sheridan, P.E., P.S., Asst. City Manager – Professional Services  
Frank Comeriato, Asst. City Manager – Operations  
Jeff Knoblauch, Asst. City Manager – Finance Director

**From:** Bradley Kosco, P.E., P.S., City Engineer  
Brian Griffith, Director - Management & Budget

**Re:** **Accelerated Asphalt Program – Alternative Funding Options Review**

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During the Council meetings on July 23<sup>rd</sup> and August 20<sup>th</sup>, 2019 Council expressed interest in moving forward with an accelerated annual paving program that addressed the following goals:

- **Accelerate the resurfacing of major streets** (approx. 38 lane miles of major streets with PCI less than 65 at a cost of \$5.0 million)
- **Accelerate the repair/overlay of all concrete overlay streets** (approx. 4.5 lane miles of concrete roads remain to be overlaid at a cost of \$2.3 million)
- **Continue to improve the overall City street network** (current PCI rating is 71)

At the September 17<sup>th</sup> Special Council Workshop, staff provided further information regarding how to pay for the accelerated program including, bonding some/all of the improvements, pay as you go, and use of the City's general fund carry-over balance. Based upon additional council input from previous meetings, staff has prepared an outline of each funding option as outlined below:

#### **Existing Cost to Maintain System**

The Engineering Dept. has previously reported to Council that the cost to maintain the road system PCI throughout the City is approximately \$2.1-\$2.3 million per year. The \$2.1-2.3 million is split amongst the following programs: (a) Annual Asphalt Reconstruction / Resurfacing program, (b) Annual Concrete Road Overlay program, (c) Annual Concrete Repair program, (d) Annual Crack Sealing program and (e) Annual Striping Program.

The five-year (2020-2024) results of maintaining this level of funding is:

- 1) **Major Street Paving:** Not accelerated. By 2024, approx. 50% of the major streets noted above would be resurfaced.
- 2) **Concrete Overlay Paving:** Not accelerated: By 2024, approx. 50% of the remaining concrete streets will be repaired/overlaid.
- 3) **PCI Rating:** Does not change.

**Option 1: Issue a \$2.3 Million Bond for Concrete Repairs/Overlay Streets (Repaid Over 10 Years) & Increase Annual Road Program**

As previously discussed with Council, under this option, a \$2.3 million bond could be used to accelerate the concrete overlays in 2020-2021 and which would extend the life of these roads. The annual repayment for the \$2.3 million bond is \$265,000/year.

The annual budget for the Concrete Overlay Program and Concrete Repair Program was a combined total of \$450,000 (\$225,000/program) and could be reduced to \$100,000/year (for sidewalk, ADA ramp repairs). The left-over funding from these two programs (\$350,000/year) can be used to repay the debt for the loan and used in other areas.

Also, the City will receive an extra, estimated \$500,000/year from the State's Gas/Diesel Motor Fuel Tax Increase. The cost to maintain the road system at its current PCI rating is approximately \$2.1-\$2.3 million. The additional gas tax funds can then be utilized towards increasing the Annual Road program to \$2.7 million/year (\$2.2 million + \$500,000 = \$2.7 million).

With an annual program at \$2.7 million/year, \$1.0 million could be used towards major streets and \$1.7 million towards local, neighborhood roads including the Asphalt Patching program.

The five-year (2020-2024) results of this funding option are:

- 1) **Major Street Paving:** By 2024, 100% of the major streets noted above would be resurfaced.
- 2) **Concrete Overlay Paving:** By 2021, 100% of the remaining concrete streets will be repaired/overlaid. Thereafter, the Concrete Overlay funding is eliminated.
- 3) **Annual Concrete Repair Program:** Can be reduced from \$225,000/year to \$100,000/year to address only sidewalk, ADA ramp and other misc. concrete repairs leaving those leftover funds to use in other areas.
- 4) **PCI Rating:** Increase from 71 today, to 78 in 2024.

**Option 2: Increase Annual Road Programs Budget by approximately \$500,000 via Gas Tax Only**

As noted, the City will receive an extra, estimated \$500,000/year from the State's Gas/Diesel Motor Fuel Tax Increase. The additional \$500,000/year could be allocated to the Annual Resurfacing program and Annual Concrete Overlay program. The gas tax funds alone could be used to increase the Annual Road program to \$2.7 million without any bonding.

The five-year (2020-2024) results of this funding option are:

- 1) **Major Street Paving:** By 2024, approx. 65% of the major streets noted above would be resurfaced.
- 5) **Concrete Overlay Paving:** By 2024, 100% of the remaining concrete streets will be repaired/overlaid. Thereafter, the Concrete Overlay funding is eliminated.
- 2) **Annual Concrete Repair Program:** Can be reduced from \$225,000/year to \$100,000/year to address only sidewalk, ADA ramp and other misc. concrete repairs leaving those leftover funds to use in other areas.
- 3) **PCI Rating:** Increase from 71 today, to 75 in 2024.

**Option 3: Issue a \$5 Million Bond (Repaid via the Gas Tax revenues & Increase in income tax over 10-years)**

Under this option, \$2.3 million of a \$5.0 million bond would be used to accelerate the concrete overlays and \$2.7 million would go towards exclusively resurfacing major roads. The \$5.0 million in expenditures would be budgeted over 2020-2021 and using the bond money to accelerate improvements to major roads and concrete streets is beneficial as it would also free up funds in the annual road budget for repairing more local/residential streets. The annual repayment for the \$5.0 million bond is \$575,000/year over 10 years.

As previously noted, accelerating the concrete overlay program would lengthen the life of concrete roads, eliminate the current “patched” condition of concrete streets and the City would no longer need to fund the Annual Concrete Overlay Program. The annual budget for the Concrete Overlay Program and Concrete Repair Program was a combined total of \$450,000 (\$225,000/program) and could be reduced to \$100,000 (for sidewalk, ADA ramp repairs). The left-over funding from these two programs (\$350,000/year) can be used to repay part of the debt for the loan.

The Annual Road budget would still require \$2.1-\$2.3 million/year to maintain the system.

The five-year (2020-2024) results of this funding option are:

- 1) **Major Street Paving:** By 2024, approx. 75% of the major streets noted above would be resurfaced.
- 2) **Concrete Overlay Paving:** By 2024, 100% of the remaining concrete streets will be repaired/overlaid. Thereafter, the Concrete Overlay funding is eliminated.
- 3) **Annual Concrete Repair Program:** Can be reduced from \$225,000/year to \$100,000/year to address only sidewalk, ADA ramp and other misc. concrete repairs leaving those leftover funds to repay part of the bond debt.
- 4) **PCI Rating:** Increase from 71 today, to 77 in 2024.